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A new Minister of Agriculture appointed in Serbia

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Agricultural Situation

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Report Highlights:

Dusan Petrovic, a deputy president of the ruling Democratic party and former Minister of Justice, became a new Serbian Minister of Agriculture, Trade, Forestry and Water Management in the this week reconstruction of the Serbian Government. Agriculture budget accounts only 2.6 percent of the total budget, lowest in the region and not sufficient for further development of the Serbian agriculture.

General Information:

Serbian Parliament adopted decision for reshuffling the government on March 14, 2011. Changed Government will have 17 ministries, down from 24. Ministry of Agriculture merged with Ministry of Trade and the new ministry will be called Ministry of Agriculture, Trade, Forestry and Water Management. The Agriculture Minister Sasa Dragin, was among four ministries that left their offices in the government reshuffling. Sasa Dragin was not very popular among Serbian farmers, since the agriculture budget for the past three years was on a record low level, but had strong connections with Serbian agriculture tycoons. The newly appointed minister is Dusan Petrovic, a Deputy President of the ruling Democratic Party (DS), who was in charge of the party's infrastructure and its daily operation. Mr. Petrovic was a Serbian Minister of Justice in the previous Government. The new Minister of Agriculture will inherit significant number of problems including: low agriculture budget, lack of adequate agriculture policy, extremely increase of the food prices, problems with existing monopolies in the Serbian agriculture, farmers's dissatisfaction with existing government support, critics from public due to recent shortages of staple food commodities etc.

Agriculture Minister's Biography

Dusan Petrovic graduated from the Faculty of Law in Belgrade and practiced law from 1992-2000. He joined DS in 1992 and served as the head of municipal board of Sabac in 1996. In 2003, he became an MP in the Federal Parliament and was elected a member of the DS Presidency Main Board. He became a DS Vice President in February 2004, while in February 2006 he was elected a DS Deputy President. In December 2010, Petrovic was re-elected a Vice president. Mr. Petrovic was mayor of Sabac from 2000 to 2004. In 2003, he was elected at the National Assembly of Serbia, and served as the head of the DS caucus. In 2007, he became the Minister of Justice in the Government. After the May 2008 Parliamentary Elections, Mr. Petrovic returned to his private law firm in Sabac and dedicate himself to the party work only. As a deputy president of the DS until February 2011, Petrovic was in charge of the party's infrastructure and its daily operations.

Serbian Agriculture

Agriculture is still one of the most important industries of the Serbian economy. According to Serbian Agriculture Ministry data, Serbia's agricultural sector, including hunting and forestry, contributed about 11 percent to gross domestic product (GDP) in 2010. Agricultural exports continued to expand and contributed about 22.4 percent of total Serbian exports, reaching record surplus of about one billion USD in 2010. As per current statistical data, about 26 percent of Serbia's labor force is actively employed in agriculture. Serbia has 4.2 mil ha of arable land (0.56 ha per citizen); 90 percent is privately owned and 10 percent belongs to the government; about 700,000 households of which 450,000 are registered and about 120,000 with retired farmer's.

Harvest yields account 57 percent of the total agricultural production while cattle breeding accounts for 33 percent. Vineyard and orchards account for 5 percent and 4 percent respectively. 60 percent of the harvest products is made up of cereals and only 18 percent is vegetable. The breeding industry includes pig, cow, poultry and sheep breeding respectively accounting for 41 percent, 40 percent, 14 percent and 5 percent of total breeding industry production. Corn is the most cultivated cereal with cultivated area of 1.2 -1.4 million ha, production of about 6 to 7 million ton per year with a yield of 4.5-5.8 ton/hectare. Wheat is also very important cereal with a throughput ranging between 1.8 and 2.5 million ton per year and last year cultivation area of 489,000 hectares that was the record low. Sugar beetroot with an overall

cultivation area of 70,000 hectare and production of 490,000 tones is another important Serbian crop. Sunflower cultivation areas extend over 170,000 hectare of land yielding a production of 370,000 ton/year. Considerable yields are also coming from the fruit sector, especially apples and plums. Viticulture is quite spread over the whole country with an average production of 380,000 ton table grapes and wine grapes. With an overall production of around 80,000 ton/year Serbia has long been one of major raspberry producers in the world and still holds a leading position. Food processing industry is presently the most attractive sector for parties wanting to invest or draw up collaborations with local parties. In fact, although Serbia has remarkable natural resources and a sound, traditional production background, the industry still lacks modern technology and strongly needs implementation.

Serbian agriculture budget in 2011, accounts only 2.6 percent of the total budget or about USD 35 million, lowest in the region and not sufficient for further development of Serbian agriculture. Agriculture budget for 2011 is the lowest since 2004 when was about 5 percent of the total budget. Ministry of Agriculture is providing subsidies only for registered farmers but with additional condition that they are regularly paying social and medical insurance to the Government. That account only about 90,000 farmers or 13 percent of the total number of about 700,000 farmers in Serbia.

For 2011, the Serbian government provided several policy measures to support agriculture production that will include subsidized short and long-term loans for registered farmers. The assistance measures will also include: direct payment to registered farmers totaling 14,000 din per ha (USD 180) for grain and other field crops; funds for development and improvement of stock-farming (breeding efficiency, preserve genetic resources of domestic animals, increase milk production); subsidized export of certain agriculture and food commodities; stimulus for development and improvement of production of wine, brandies and food with geographic origin; subsidies for building and improving grain storage capacity and transshipping possibilities and subsidies for organic food production.

Export of agriculture commodities to Central European Free Trade Agreement (CEFTA) countries accounts 50 percent of Serbian total agriculture exports and 21.9 percent of Serbian total agriculture imports. In 2010, Serbia's total agricultural exports increased for 15% comparing to previous year, reaching record of 2.37 billion USD. Serbia's agricultural exports consisted mostly of grains, sugar, fruits and vegetables (fresh and frozen), confectionary products and beverages. The biggest surplus in foreign trade of agriculture product came from grain and grain products (USD 500.6 million), processed fruit and vegetables (USD 359.1 million) and refined sugar (USD 229.5 million). Total agriculture imports in 2010 were estimated at 1.35 billion USD, increase of 1.4 percent compared to previous year. Agricultural imports are mostly high-value food items; with European products dominating the import market.